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SOURCE

2. In mid-December, the draft for the 1953 budget of the Deputy Chief for Economic Affairs was completed. It envisaged an expenditure of approximately 920 million eastmarks and included the following items:

| Receiver of Allocation | Allotment in million eastmarks | Remarks |
|--------------------------|--------------------------------|---|
| Ministry of the Interior | 76 | The money is to be spent by the health department for the construction of hospitals in Bad Saarow and Leipzig |
| Air Police | 246.8 | |
| Sea Police | 269 | |
| KVP | 250 | The money is mainly to be spent on construction projects in Pasewalk and Leipzig |

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| | | |
|--|------|--|
| Border Police | 21 | |
| Dienst fuer Deutschland | 13 | A cadre school and 16 barracks camps are to be built |
| Athletic and Technical Association (Sport und Technik) | 10.3 | |

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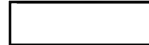
3. The Bau Unionen (Ruegen Island), Nordost, Sued, and Kueste (Rostock) were allotted 157, 151, 100 and 90 million eastmarks respectively. However, it was pointed out at the committee charged with the draft of the new budget that these sums might be used up within six months. Investments to be made in the field of construction machinery and general equipment included 16, 5.4 10 and 5 million eastmarks for the Bau Unionen Nord, Nordost, Sued, and Kueste respectively. In late 1952, the Bau Unionen Nord, Nordost, and Sued still had at their disposal 4.5, 8.6 and 1.3 million eastmarks respectively. This money was to be spent in the course of December 1952. In mid-December, the four Bau Unionen employed a total of 34,000 workers. ²
4. The Construction Department at the Deputy Chief for Economic Affairs worked on construction plans for the Ministry of the Interior, the KVP, and the Air and Sea Police, while the other administrative agencies worked on their own construction projects independent of the construction department mentioned. The money required was allotted by the 7th Section (finance section). While 12 to 16 million eastmarks were spent in both August and September 1952, no less than 100 million eastmarks were spent by the Construction Department from 1 through 20 December 1952. It was planned to replace the previous 20 construction bureaus by seven central construction staffs in early 1953. These seven construction staffs were, allegedly, to be located at the seats of future corps headquarters of the National Forces, i.e. in Stralsund, Pasewalk, Kyritz, Berlin, Erfurt, Dresden and Leipzig. Each construction staff was to consist of a total of 25 to 30 officers, technicians, and office workers. ³
5. In order to relieve the strain on the Construction Department, four designs bureaus responsible for the drawing up of construction plans were to be established. In mid-December, two such designs bureaus were already in existence, i.e. one in Karlshorst and the second in Stralsund. The latter designs bureau originated from the "VEB Industrieentwurf Stralsund". The four designs bureaus were to be staffed by a total of 480 technicians, including 200 for Stralsund and 100 for Karlshorst. There was no command relationship between the designs bureaus, construction staffs and Bau Unionen.
6. Source learned that construction work on Ruegen Island was to follow plans worked out before 1945. In 1951, government architect Földt, the Sea Police expert charged with the execution of this construction project, allegedly was in West Germany in order to study the pre-1945 construction plans, for which he was also responsible while he was employed by the former German Navy. The total cost of the project was estimated at one billion eastmarks, of which 269 million eastmarks are to be spent in 1953. The completion date of the project is said to be 1955. ⁴

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7. In 1952, a total of 400 prefabricated houses of type K 202 were ordered for the Dienst fuer Deutschland Labor Service. Most of the 217 prefabricated houses delivered by mid-December were sent to Gumnitz. The remainder were to be sent by late December to an undetermined collection point.
8. On 15 December 1952, Colonel Praessler announced the promotions of officers working in his department. Promoted were:
Max Koehler to lieutenant colonel (Eng), first deputy;
Tollmann to major, in charge of supply;
captain, Baumann, chief of the 2d Section; Kuehnau, chief of the 3 Section; and Witzel, chief of the 7th Section. Egon Mueller, chief of the 1st Section (planning) refused to receive the rank of captain, because he had held this rank previously. Three employees of his section refused to be made lieutenants for the same reason.
9. All the officers of the office of the Deputy Chief for Economic Affairs were given tactical instructions for eight hours on each Monday. The latest techniques experienced in Korea were utilized in this course. It was pointed out that the formation of the National Army was to be promulgated after the ratification of the Bonn and Paris treaties.

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